GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:3540
ANSWERED ON:16.04.2002
STUDY TO PRIVATISE PUBLIC SECTOR UNDERTAKINGS
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Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Government are carrying out a study to privatise more Public Sector Undertakings;

(b) if so, the details thereof;

(c) whether the Government have taken a firm decision not to privatise some PSUs which are very important in the national interest; and

(d) if so, the details thereof?

Answer

MINISTER OF DISINVESTMENT AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (SHRI ARUN SHOURIE)

(a)&(b) Disinvestment is an on-going process and is done keeping in view the Government policy, market conditions, financial performance of the company and in consultation with the concerned ministries and as per the recommendations of the Disinvestment Commission. Disinvestment Commission had earlier examined only 58 PSEs and advised the government, the magnitude of disinvestments feasible as well as mode and steps to be initiated for disinvestments. The Disinvestment Commission has made recommendation in respect of 58 PSEs (including revised recommendationsin case of 4 PSEs)under the five broad categories namely

(a) Involving change in ownership / management by strategic sale in 31 PSEs and Trade Sale in 8 PSEs; (b) Involving no change in ownership / management by offer of sale of share in 5 PSEs; (c) No change i.e deferment of disinvestments in 8 PSEs; (d) Closure / sale of assets in 4 PSEs; and (e) employee buy-out/strategic sale in 2 PSEsAfter the reconstitution of Disinvestment Commission, it has been decided that all `non-core` PSUs, including subsidiaries [but excluding IOC, ONGC & GAIL] will be referred to the Commission for independent advice.

(c)&(d) On 16th March 1999 for the purpose of disinvestment, the Government classified the PSUs into strategic and non-strategic.It was decided that the Strategic public sector enterprises would be those in the areas of:

Ã¼ Arms and ammunitions and the allied items of defence equipment, defence aircrafts and warships.
Ã¼ Atomic energy (except in the areas related to the generation of nuclear power and applications of radiation and radioisotopes to agriculture, medicine and non-strategic industries)
Ã¼ Railway transport.

All other public sector enterprises were to be considered non-strategic. For the non-strategic public sector enterprises, it was decided that the reduction of Government stake to 26% would not be automatic and the manner and pace of doing so would be worked out on a case-to-case basis. A decision in regard to the percentage of disinvestment i.e., Government stake going down to less than 51% or to 26%, would be taken on the following considerations:

(i) Whether the industrial sector requires the presence of the public sector as a countervailing force to prevent concentration of power in private hands; and

(ii) Whether the industrial sector requires a proper regulatory mechanism to protect the consumer interests before Public Sector Enterprises are privatised.

In keeping with this policy, no disinvestment in strategic sector is anticipated.